



ARDEN HILLS
MEMORANDUM

DATE: November 9, 2016

PC Agenda Item **3.B**

TO: Planning Commission Chair Thompson and Commissioners

FROM: Matthew Bachler, Senior Planner

SUBJECT: Planning Case #16-028 – Public Hearing Required

Applicant: University of Northwestern-St. Paul

Property Location: 1265 Grey Fox Road

Request: Zoning Code Amendment and Conditional Use Permit

Requested Action

The University of Northwestern-St. Paul has requested an amendment to Section 1320.05 of the Zoning Code to allow higher educational schools as a conditional use in the I-Flex Zoning District. The University is also requesting a Conditional Use Permit (CUP) for the property located at 1265 Grey Fox Road. In order for the City to issue a CUP for the subject property, the proposed amendment to the Zoning Code would first need to be approved.

Background

1. Overview of Request

The property at 1265 Grey Fox Road is 14.3 acres in size and includes two existing buildings with a gross floor area of approximately 165,000 square feet (see Attachment B). Existing site improvements include 570 surface parking stalls, landscaping, and stormwater management facilities. The medical manufacturing company Smiths Medical previously occupied the property until they vacated the space in 2015.

The University of Northwestern-St. Paul has plans to grow its engineering, biology, and nursing academic programs and has identified the property as a location for this expansion because of the existing building space. The University has a purchase agreement in place with the property owner.

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The University proposes to develop the property over two phases:

- Phase I would be completed in time for the 2017-2018 academic year. Existing facilities would be renovated to support the Masters-level nursing and biology programs, and the undergraduate engineering program. The University expects to have 389 students and 43 faculty and staff members in the first year. The concept plan shows that classroom and office space would occupy approximately 63,300 square feet. Renovations would also be completed to add a theater, cafeteria, and chapel. Excess building space would be leased to other users during Phase I.
- Phase II would introduce additional undergraduate programs in mathematics and chemistry, as well as graduate programs in biology and data analytics. Health services would occupy approximately 46,000 square feet, biology and chemistry 72,000 square feet, and engineering 30,000 square feet. A total of approximately 646 students would attend classes and 66 faculty and staff members would be located on the property. The University has not proposed any exterior changes to the existing buildings or the site to accommodate Phase I or Phase II.

The University anticipates the facility will be open daily from 7:00 a.m. to 10:00 p.m. Peak traffic times would coincide with class schedules, which typically are more frequent during mid-morning and mid-afternoon hours. The University would operate a shuttle service for students and faculty between their main campus at 3003 Snelling Avenue and 1265 Grey Fox Road. Additional information on the shuttle service and proposed route is included in Exhibit C of the University's application.

The University has submitted a letter and supporting exhibits outlining why the proposed development would be in the public interest and necessary for Northwestern to expand its science, technology, engineering and mathematic programs (see Attachment A). As part of the proposal, the University has committed to make a payment in lieu of taxes ("PILOT") to the City as a condition of the CUP. Additionally, the University would give the City a charitable gift to be used for City parks or to facilitate a student internship program.

The City approved a Campus Master Plan for the University of Northwestern in 2007 (see Attachment I). The plan was designed to support a student population of 2,400 on the campus, and included an additional 433,506 square feet of building space to be built over 12 to 20 years. To date, approximately 70,000 square feet of new construction has been completed on the Arden Hills portion of the campus. Based on the approved Master Plan and the work completed to date, there is additional capacity on the main campus that could be used in place of the expansion planned for 1265 Grey Fox Road.

2. Surrounding Area:

Direction	Future Land Use Plan	Zoning	Existing Land Use
North	Light Industrial and Office	I-Flex District	Light Industrial
South	Light Industrial and Office	I-Flex District	Light Industrial
East	Mixed Business	B-4 – Retail Center District	Light Industrial
West	Right-of-Way	Right-of-Way	Right of Way (Highway 51)

3. Site Data:

Future Land Use Plan:	Light Industrial and Office
Existing Land Use:	Office
Zoning:	I-Flex District
Lot Size:	14.25 acres (620,645 square feet)
Topography:	The lot is generally flat

Plan Evaluation

1. Zoning Code Amendment

The property is located in the City’s I-Flex Zoning District. The proposed use of the property by the University is classified as “schools, higher education” in Section 1305.04 of the Zoning Code. The Zoning Code defines “schools, higher education” as, “junior colleges, colleges and universities approved by the Minnesota Higher Education Coordinating Board for the Minnesota Department of Education.” Currently, “schools, higher education” is not a permitted use in the I-Flex District (Section 1320.05). In order to proceed with the proposal, the University has requested a text amendment to Section 1320.05 to allow “schools, higher education” as a Conditional Use in the I-Flex District. A Conditional Use Permit is being requested for the subject property concurrently with the Zoning Code Amendment.

In evaluating a proposed Zoning Code amendment, the City should consider whether the change would be in keeping with the public interest and be consistent with the adopted Comprehensive Plan. The following questions should be considered in evaluating the proposal from the University of Northwestern:

1. Is the proposed Zoning Code Amendment consistent with the City’s Comprehensive Plan?
2. Are higher education school uses consistent with the purpose of the I-Flex District?
3. Are higher education school uses compatible with the other uses in the I-Flex District?

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Comprehensive Plan

The Comprehensive Plan and Zoning Code work together to guide the City's decisions regarding land use and development. Where the Comprehensive Plan sets broad future land use goals, the Zoning Code is used to create specific zoning districts that implement those goals. One of the land use goals in the 2030 Comprehensive Plan is to, "Develop and maintain a land use pattern that strengthens the vitality, quality, and character of our residential neighborhoods, commercial districts, and industrial areas while protecting the community's natural resources and developing a sustainable pattern for future development" (Arden Hills 2030 Comprehensive Plan, at 3-1) This is particularly important in terms of maintaining a sufficient commercial and industrial land base to support existing businesses and attract new companies.

The 2030 Comprehensive Plan guides 41.6 acres of the land area within the I-Flex Zoning District as Light Industrial and Office, including 1265 Grey Fox Road. The 2030 Comprehensive Plan includes the following description of this land use classification: "areas designated for a broad range of light industrial uses such as warehousing with manufacturing. This land use may also include offices" (*Id.* at 6-8). A total of 303 acres, or approximately 5 percent of the City's land area, is designated for Light Industrial and Office in the 2030 Comprehensive Plan Future Land Use Map. Given the small area in the City set aside for the Light Industrial and Office use, it is important to limit the uses in these areas to only light industrial and ancillary and supportive uses. Allowing higher education school uses within the I-Flex District is not consistent with the 2030 Comprehensive Plan goals or the Future Land Use Map.

The property at 1265 Grey Fox Road is identified as an "Office" land use in the 2030 Comprehensive Plan Existing Land Use Map and by the Metropolitan Council in their 2010 generalized land use data. The 2030 Comprehensive Plan indicates that 140 acres of land were in office use and the 2010 Metropolitan Council generalized land use data shows 170 acres of office use. The subject property is 14.3 acres in size and represents approximately 8 percent of the total existing office property in the City. If higher education school uses were permitted in the I-Flex District and at 1265 Grey Fox Road, the City would lose a significant percentage of its existing office property.

The Economic Development and Redevelopment chapter of the 2030 Comprehensive Plan includes the goal to, "Promote the development, redevelopment, and maintenance of a viable, innovative, and diverse business environment serving Arden Hills and the metropolitan area" (*Id.* at 8-1). Except for the TCAAP redevelopment, the City has very few vacant properties and opportunities to expand its job base. As compared to the former user of the property, Smiths Medical, a significantly fewer number of jobs would be provided by University of Northwestern. Based on City records, Smiths Medical had approximately 500 paid employees on the site in 2014 before their relocation. Northwestern expects that a total of 43 faculty and staff members would be on the site by 2017, and 66 by 2024. It is unclear the number of new faculty and staff positions that would be created as a result of the expansion.

Purpose of I-Flex District

According to Section 1320.04, Subd. 14 of the Zoning Code, the stated purpose of the I-Flex District is as follows:

- A. To preserve, protect, enhance and perpetuate existing development in the district.
- B. To attract new development that is compatible with existing development in the district in terms of use, performance, character, quality and appearance of buildings and sites.
- C. To permit only those uses that will have traffic generation characteristics that are compatible with existing development in the district and that will ensure reasonable traffic operation on streets in the vicinity.
- D. To encourage new site development that will be compatible with existing site development standards of existing development in the district.
- E. To promote flexibility in land uses and site development standards to achieve the objectives of the I-Flex District.

Existing development in the I-Flex District includes International Paper, Intricon, Powder Technology, United Technologies, and the Red Fox Business Center, a light industrial business park. These businesses are largely comprised of manufacturing, office, and warehousing uses. The proposed amendment to allow higher education school uses in the I-Flex District would not further the goal of preserving, protecting, enhancing, and perpetuating existing development in the district. The amendment would allow any property within the district to be acquired for a higher education school use with an approved Conditional Use Permit, which could reduce the industrial land base in the area. Businesses may be more reluctant to move into the area knowing an academic campus is located in the district and that complaints could arise due to the impacts of their industrial activities.

Compatibility of Uses

To evaluate the compatibility of higher education schools with other uses in the I-Flex District, it is helpful to review which uses are currently allowed as a permitted or conditional use in the district:

- Permitted Use: business service; medical office clinic; sports & fitness clubs; daycare facility for over 10 people; financial institution and service; manufacturing & processing (Class I); office; research and development facility; utility distribution line
- Accessory Use: personal services; and retail sales and services
- Conditional Use: hotel or motel; micro-brewery; micro-distillery; multiple occupancy building; public use; thrift store; utility transmission; and warehousing.
- Conditional Accessory Use: antenna, dish, or tower

Higher education schools can be comprised of several different types of land uses, including administrative offices, classrooms, athletic fields, dormitories, laboratories, cafeterias, theaters, and chapels. All of these uses have in common the presence of a large number of students with a smaller percentage of faculty or employees. An academic campus would not be compatible with the predominantly industrial and employment-based land use characteristics of the district.

A main purpose of land use regulation is to create separate zoning districts where generally compatible uses are allowed. The City has established the I-1, I-2, I-Flex, Gateway Business, and TCAAP Flex Office Districts as areas where a range of different industrial activities are permitted. These types of businesses can have nuisance characteristics that are not compatible with other uses, such as noise, odor, and truck and freight train traffic. The higher education land use is not permitted in any of these predominantly industrial zones because of these types of potential land use conflicts. The City has determined that colleges and universities may be an appropriate use in the non-industrial B-1, B-2, B-4, Civic Center, and R-1 Districts, and the use is allowed with a Conditional Use Permit or as a PUD in these districts.

2. Conditional Use Permit Criteria – Section 1355.04, Subd. 3

Section 1355.04 Subd. 3 of the Arden Hills Zoning Code lists the criteria for evaluating a Conditional Use Permit. If the proposed Zoning Code Amendment is approved then the following Conditional Use Permit criteria would apply. The Planning Commission and City Council should consider the effect of the proposed use upon the health, safety, convenience and general welfare of the owners and occupants of the surrounding land, in particular, and the community as a whole, in general, including but not limited to the following factors:

1. Existing and anticipated traffic and parking conditions;
2. Noise, glare, odors, vibration, smoke, dust, air pollution, heat, liquid or solid waste, and other nuisance characteristics;
3. Drainage;
4. Population density;
5. Visual and land use compatibility with uses and structures on surrounding land;
6. Adjoining land values;
7. Park dedications where applicable; and the
8. Orderly development of the neighborhood and the City within the general purpose and intent of the Zoning Code and the Comprehensive Development Plan for the City.

The City may place conditions on a Conditional Use Permit approval to mitigate expected impacts of the use upon the health, safety, convenience, and general welfare of the community. The application from the University of Northwestern indicates a willingness to have specific conditions for the CUP, including a payment in lieu of taxes agreement, a charitable gift agreement, and a transportation shuttle plan.

3. Interim Ordinance No. 2016-008

On October 10, 2016, the City Council approved an Interim Ordinance temporarily prohibit land use applications and reviews for higher education uses in residential, business, industrial, and other zoning districts (Ordinance No. 2016-008). The stated purpose of the Ordinance is to allow the City time to study the impacts of locating higher education uses in non-traditional campus settings. The Ordinance will remain in effect for 12 months after its passage.

The City received a complete application from the University of Northwestern for the proposed Zoning Code Amendment and Conditional Use Permit on October 3, 2016. Because the complete application was received before the Interim Ordinance went into effect, the City is required to process the land use application.

Findings of Fact:

Staff offers the following twelve (12) findings of fact for consideration:

1. The property located at 1265 Grey Fox Road is located in the I-Flex Zoning District.
2. “Schools, higher education” uses are not a permitted use or conditional use in the I-Flex Zoning District under Section 1320.05 of the Zoning Code.
3. The University of Northwestern-St. Paul has requested a Zoning Code Amendment to allow “schools, higher education” as a conditional use in the I-Flex Zoning District.
4. The University of Northwestern-St. Paul has requested a Conditional Use Permit for a “schools, higher education” use at the property located at 1265 Grey Fox Road pending approval of the requested Zoning Code Amendment.
5. The “schools, higher education” land use is not compatible with the predominantly industrial and employment-based permitted and conditional uses currently allowed in the I-Flex District.
6. The proposed Zoning Code Amendment is not consistent with the land use goal within the 2030 Comprehensive Plan to, “Develop and maintain a land use pattern that strengthens the vitality, quality, and character of our residential neighborhoods, commercial districts, and industrial areas while protecting the community’s natural resources and developing a sustainable pattern for future development” (Arden Hills 2030 Comprehensive Plan, at 3-1).
7. The subject property is guided for Light Industrial and Office on the 2030 Comprehensive Plan Future Land Use Map, which is defined as “areas designated for a broad range of light industrial uses such as warehousing with manufacturing. This land use may also include offices” (Arden Hills 2030 Comprehensive Plan, at 6-8). The proposed Zoning Code Amendment is not consistent with the Future Land Use map.
8. The proposed Zoning Code Amendment is not consistent with the purpose of the I-Flex District to preserve, protect, enhance and perpetuate existing development in the district.

9. The proposed Zoning Code Amendment is not consistent with the purpose of the I-Flex District to attract new development that is compatible with existing development in the district in terms of use, performance, character, quality and appearance of buildings and sites.
10. The proposed Zoning Code Amendment is not consistent with the economic development goal within the 2030 Comprehensive Plan to, “Promote the development, redevelopment, and maintenance of a viable, innovative, and diverse business environment serving Arden Hills and the metropolitan area” (Arden Hills 2030 Comprehensive Plan, at 8-1). The “schools, higher education” land use does not create the same intensity of employment as the existing uses in the I-Flex Zoning District.
11. The existing buildings create the opportunity for multiple new businesses that are compatible with existing development in the I-Flex District to locate within community of Arden Hills.
12. The proposed Zoning Code Amendment is premature given the study ordered by the City Council as part of the Interim Ordinance No. 2016-008.

Recommendation

Based on the findings of fact, staff recommends denial of Planning Case 16-028 for a Zoning Code Amendment and therefore the Conditional Use Permit at 1265 Grey Fox Road. Based on its review of the Zoning Code and the 2030 Comprehensive Plan, staff has concluded that the proposal from the University to expand their campus to 1265 Grey Fox Road is not consistent with the purpose of the I-Flex District to maintain employment and industrial uses or the goals of the 2030 Comprehensive Plan, and that the higher education school use would be incompatible with the other uses currently allowed in the I-Flex District, and is premature given the study ordered by the City Council as part of Ordinance No. 2016-008.

Proposed Motion Language

1. **Recommend Denial:** Motion to recommend *denial* of Planning Case 16-028 for a Zoning Code Amendment and Conditional Use Permit at 1265 Grey Fox Road based on the submitted plans and the findings of fact in the November 9, 2016, Report to the Planning Commission
2. **Recommend Approval with Conditions:** Motion to recommend *approval* of Planning Case 16-028 for a Zoning Code Amendment and Conditional Use Permit at 1265 Grey Fox Road based on the submitted plans and the following findings of fact and conditions of approval: *findings to approve should specifically reference the reasons for approval.*
3. **Recommend Approval as Submitted:** Motion to recommend *approval* of Planning Case 16-028 for a Zoning Code Amendment and Conditional Use Permit at 1265 Grey Fox Road

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based on the submitted plans and the following findings of fact: *findings to approve should specifically reference the reasons for approval.*

4. Table: Motion to *table* Planning Case 16-028 for a Zoning Code Amendment and Conditional Use Permit at 1265 Grey Fox Road: *a specific reason and/or information request should be included with a motion to table.*

Notice

Notice was published in the *Arden Hills/Shoreview Bulletin* and notice was prepared by the City and mailed to property owners within 1,000 feet of the subject property.

Public Comments

The City received an email from a resident in the Arden Oaks Addition on the west side of Highway 51 from the subject property expressing their opposition to the proposal due to loss of employment and tax base. The City received an email from the resident at 1392 Arden Oaks Drive who expressed their support of the proposal. A copy of each email has been provided in Attachment F.

Deadline for Agency Actions

The City of Arden Hills received the completed application for this request on October 3, 2016. Pursuant to Minnesota State Statute, the City must act on this request by December 2, 2016 (60 days), unless the City provides the petitioner with written reasons for an additional 60 day review period. The City may, with the consent of the applicant, extend the review period beyond the initial 120 days.

Attachments

- A. Land Use Application
- B. Property Survey
- C. Site and Aerial Map
- D. Section 1320.05 (Land Use Table) of the Arden Hills Zoning Code and Table 5-1 (Zoning District Land Use Table) of the TCAAP Redevelopment Code
- E. 2030 Comprehensive Plan Future Land Use Map
- F. Public Comments
- G. Letter from St. Paul Area Chamber of Commerce, dated October 14, 2016
- H. Letter from Colliers International, dated October 7, 2016
- I. Northwestern College Master Plan, PUD Application Report, dated September 10, 2007